

May 16, 2003

Via Facsimile (202/219-1243 and 202/219-5742)
and First-Class Mail

The Honorable Stephen A. Perry
Administrator
General Services Administration
1800 F Street, N.W.
Washington, D.C. 20405

Dear Administrator Perry:

I am writing to express my concerns regarding the response of the General Services Administration (GSA) to the revelations regarding WorldCom's business practices and to determine the adequacy of the steps that GSA has taken to protect the integrity of the federal procurement system.

The massive accounting fraud committed by WorldCom has been well documented. As a result of its fraud, WorldCom was able to bolster its bottom line by at least nine billion dollars. This, in turn, enhanced WorldCom's ability to appear as a substantially more successful company than it was, to enjoy lower credit costs, and to gain a stronger position in bidding for federal government contracts than was warranted by its actual financial condition. Four former WorldCom employees have pled guilty to criminal charges as the result of these activities, and WorldCom has entered into a substantial civil settlement with the Securities and Exchange Commission. Despite all of this, WorldCom continues to remain eligible for, and receive, federal government contracts.

While WorldCom has not yet been indicted as an entity, neither was Enron when GSA suspended it within a few months of Enron's bankruptcy. No similar action, however, has been undertaken in regard to WorldCom.

With this background, then, I was concerned to learn that when my staff inquired as to what written analysis had been produced as a result of the GSA's investigation into WorldCom and its determination of WorldCom's present responsibility as a federal contractor, they were told that there was nothing available to them beyond a few comments in a press release. Yet, GSA plays a key role in procuring goods and services for federal agencies. It is empowered to investigate and suspend or disbar companies with which it would be unsuitable for the U.S. government to contract.

The Honorable Stephen A. Perry
May 15, 2003
Page Two

In order so that I may understand fully what actions GSA has taken with regards to WorldCom, I request that you provide me with the following information:

- (1) What investigation has GSA undertaken into the present responsibility of WorldCom?
 - a. If GSA has not initiated such an investigation, why?
 - b. If GSA has initiated such an investigation, what is the status?
- (2) What mechanisms has GSA put into place to ensure that WorldCom is fulfilling its current responsibilities as a federal government contractor?
- (3) Has WorldCom agreed to any additional audit procedures that will allow GSA to effectively monitor its performance on government contract?
- (4) Has WorldCom entered into any agreement, written or oral, with GSA regarding continued monitoring of WorldCom?

If so, please provide either a copy if written or a summary if oral.

- (5) Please identify and provide copies of any written analysis and/or findings generated to date on WorldCom's suitability to continue to receive government contracts and/or its performance on current government contracts.

Thank you for your prompt attention to this matter. I would appreciate receiving this information within two weeks of the date of this letter.

Sincerely,

Susan M. Collins
Chairman

SMC/ar